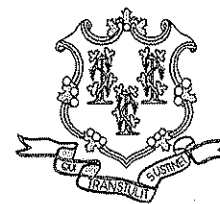




STATE OF CONNECTICUT

DEPARTMENT OF CHILDREN AND FAMILIES



Testimony of
Commissioner Joette Katz
Appropriations Committee
March 4, 2011

Good morning Senator Harp, Representative Walker, and distinguished members of the Appropriations Committee. My name is Joette Katz and I am the Commissioner of the Department of Children and Families. With me today are various members of the Department who are here to assist me in answering questions that members of the committee may have today.

Thank you for the occasion to speak with you today regarding the Governor's proposed budget for fiscal years 2012 and 2013 for the Department of Children and Families. Over this past year the Department was challenged to meet its mandates while faced with the reality of a reduced budget. This is also a time of great opportunity

I would like to take this occasion to address some of the major changes to the Department of Children and Families budget. Although we have sustained many reductions in the budget we feel certain that these proposed cuts will not impact our ability to meet the Exit Plan outcomes or significantly impact the direct care we provide to our children and families. The Department, the Office of Policy and Management and the Governor's Office has been very selective regarding the areas for reductions, and we have been able to identify areas wherein we can operate more efficiently or purchase services in a more efficient manner, thereby enabling us to reduce costs and achieve savings while making minimal sacrifices in the area of services.

The largest single area of reductions in our budget is attributed to an elimination or reduction of inflationary increases being applied over several different areas including Single Cost Accounting residential rates, our Residential, Foster Care and Adoption Board and Care accounts and our grant fund accounts. This reduction is \$19.2 million in fiscal year 2012 and is \$41.9 million in fiscal year 2013.

We have proposed approximately \$3 million in reductions in the area of Group Homes. The Group Home model has been in existence now for a few years and we have been able to refine the service model. We have found that we can reduce and share staffing amongst the Group Homes, in the areas of program management and nursing. This will not impact the staff to child ratios and will achieve a significant savings overall.

Additionally, the average utilization figures in our group homes are 85% of capacity. This varies amongst treatment cohorts, age groups and geographical locations. The Department has proposed the closing of two group homes by reducing the homes with low utilization. These reductions will not negatively impact our in-state capacity.

Our third proposed reduction totals \$3.9 grant funded contracts in the areas of Behavioral Health and Juvenile Services. We are certain we will not create a service void in the Community by eliminating or reducing these contracts. We have been able to achieve these reductions through eliminating unused capacity, moving to evidenced based service models, and changes that have already occurred in the payer mix environment that now allows for services to be paid for on a fee for service basis rather than through grant funding.

The Department has proposed the reduction of positions in our Parole Services unit. Due to successful community programs being implemented by the Department and the Community Support Services Division of the Judicial Branch, the number of children adjudicated delinquent to the Department has steadily decreased over the past several years. This has reduced the caseload counts to the point where we need to reduce the number of employees to achieve parity with their Child Welfare counterparts. This reduction will result in a savings of \$1.7 million.

The Department has proposed \$1.6 million in savings that we will be able to achieve through improved procurement methods. The Department has been able to achieve substantial savings in the past through the process of credentialing providers to perform specific service types. This process had not only achieved a savings for the Department but has also allowed the Department to set standards for service that have resulted in an improved service model. The Department will expand the services provided under credentialing and will also change the procurement methods for other non-direct care services where efficiencies can be achieved.

The final reduction to our budget of \$1 million, suspends funding of the Homeless Youth program. This program was to begin this year and although we had made significant progress on the planning and procurement stages of initiating the program, the program has not yet been established.

The Department has also had two proposed increases to our current services budget. The Fostering Connections to Success and Increased Adoptions Act of 2008 Educational Stability Impact legislation is federal legislation that requires that children removed from their homes and put in foster care should be allowed to continue to attend their home school, maintaining stable educational environment for children, minimizing the disruption of being removed from their home and assisting with the planned reunification with their family. The State receives approximately \$90 million in federal reimbursement from the program that is tied to this legislation. Neglecting to implement this legislation would put at risk this federal reimbursement in the future. The proposed budget increase is \$5.7 million in FY12 and by \$2.8 million in FY13. We estimated that 25% of costs tied to this education stability initiative transportation costs be reimbursed to the State by the federal government.

The second area of increase is to support the Raise the Age Legislation. The increase of \$2.0 million in FY 12 and \$3.0 million in FY13 to the Department's board and care and grant funds for community programs is to serve the new, older population. There are also personal services and other expenses increases to accommodate the new age group and increased population at the Connecticut Juvenile Training School. These increases total \$1.6 million in annualized funding in FY12 and \$455,000 in new funding in FY13.

The final adjustment to the Department's budget is the transfer of funds from the DOIT budget to cover the costs of four IT employees who are assigned to DCF. The second transfer is from CSSD, for contracts DCF currently manages on behalf of both CSSD and DCF. Both of these transfers have no impact on the State budget overall.

When I accepted the challenge of coming to DCF, I came with a number of specific goals. We must do better, and, to do so, we must have clear expectations about our work, organization and staff. We need to rigorously explore significant organizational changes. I am committed to bringing the motivation, focus and follow-through that success requires. We need to change how we conduct ourselves in some fundamental ways, and so my administration of the Department will be very different from what we have seen in the past.

The Department will be a flatter, less hierarchical, and less centralized organization. We don't need silos within the Department. We need regional organizations that have all the services for children and families under one roof. Central office can be smaller and its talented experts can be put to the service of the regional organizations that serve children and families directly. The two uppermost layers of management in the child welfare bureau can be eliminated, and final decision-making authority will be closer to the communities where our children and families live, and where our social workers do their critical work.

In order to make these things happen, I need your help. Governor Malloy's budget provides us with the resources necessary to perform our duties, and I am confident that we can undertake our organizational changes within this proposed appropriation. I look forward to working with each of you in the coming weeks and months.

Thank you again for the chance to speak about the DCF budget and I and my staff welcome the opportunity to address your questions both today and when we meet in subcommittee.